

HUD FLASH

Covering Eastern Washington Communities



U.S. Department of Housing and Urban Development
Spokane Field Office -- Region X

www.hud.gov

June 2006

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National Homeownership Month



More Americans own their own home than ever before. The national homeownership rate is at a near record high of 68.5 percent and half of minority families are homeowners. Still, President Bush and Secretary Jackson recognize there is work to be done to make sure homeownership is accessible to everyone. Since President Bush challenged the nation in June 2002 to close the minority homeownership gap and create 5.5 million new minority homeowners by 2010, the Census Bureau reports that more than 2.5 million minority families have already taken out a mortgage on a new home.

To help make the homebuying process easier, HUD hopes to reform the 72-year-old Federal Housing Administration, making FHA more flexible in providing mortgage insurance and other loan services and help underserved and minority homebuyers avoid high-cost loans.

The Bush Administration has created several initiatives to expand the America Dream and create a society where every person has the opportunity to own a home, including:

- **The American Dream Downpayment Initiative (ADDI).** A key way to increase homeownership by helping families overcome the financial hurdles of making a downpayment and paying closing costs.
- **HOME Investment Partnerships Program (HOME).** HOME funds encourage the production of affordable housing by financing the cost of land acquisition, new construction, rehabilitation, downpayment assistance, and rental subsidies.
- **Housing Counseling.** The Administration recognizes that education plays a key role in helping families become homeowners. To help more Americans understand the home buying process and their financial options, the President has significantly boosted funding for housing education.
- **From Section 8 to Homeownership.** HUD is encouraging local housing agencies to use rental assistance vouchers to help more low-income and minority families climb the ladder of self-sufficiency through homeownership.

"IT'S A NEW DAY IN FHA"

HUD'S PROPOSED MODERNIZATION OF FHA

In an effort to increase homeownership opportunity for many Americans, HUD announced on 4/05/06 a far-reaching proposal to modernize the FHA and make it an important financing option in today's housing market. The FHA Modernization Act would:

- Create a new, risk-based insurance premium structure for FHA that would match the premium amount with the credit profile of the borrower.
- Eliminate the current statutory three percent minimum down payment reducing a significant barrier to homeownership.
- Increase and simplify FHA's loan limits.

A copy of Commissioner Montgomery's testimony can be found on HUD's website: www.hud.gov/.

WHY ASK FOR AN FHA LOAN?

There are lots of reasons to ask your lender for an FHA loan instead of taking a conventional or an expensive and risky sub-prime mortgage loan. Why not take advantage of the many benefits and protections that only come with FHA:

- Easier to Qualify - Because FHA insures your mortgage, lenders are more willing to give loans with lower qualifying requirements so its easier for you to qualify
- Less than Perfect Credit - Even if you have had credit problems, such as bankruptcy, its easier for you to qualify for an FHA loan than a conventional loan
- Low Downpayment - A low 3% downpayment, and that money can come from a family member, employer or charitable organization. Other loans don't allow this.
- Costs Less - FHA loans have competitive interest rates because the loans are insured by the Federal Government. Always compare an FHA loan with other loan types.

For Lenders – FHA Mortgagee Letters

Mortgagee Letter 2006-13 – Charitable Organizations Making Downpayment Gifts

ML 2006-08 - Announcement of the FHA Resource Center

ML 2006-04 - FHA Closing Cost Simplified

ML 2005-36 - Lender Insurance Program

ML 2005-34,39,48 - FHA simplifies the appraisal process

ML 2005-50 - Enhancements to "Streamlined (k)" - Limited Repair Program

ML 2005-49 - 2006 FHA Maximum Mortgage Limits

ML 2005-48 - FHA Repair & Inspection Requirements for existing properties

Mortgage Letters are posted on HUD's web site: www.hud.gov/.

FHA Resource Center-We've Got Answers:

www.fha.gov/

answers.hud.gov (frequently ask Q & A)

email: hud@custhelp.com

1-800-CALLFHA (1-800-225-5342)

TDD: 1-877-833-2483

Updated Information on HUD Real Estate Owned Homes—Foreclosures (HUD HOMES)

Good Neighbor Next Door (discount) program expanded to include firefighters, emergency responders as well as officers and teachers. For more information on the Good Neighbor Programs, go to www.hud.gov/offices/hsg/sfh/reo/goodn/main.cfm

HUD News Release (HUD No 06-046 dated April 24, 2006 - Sell Homes at a discount to Disaster Victims. Effective the week of May 1, 2006 almost all new properties listed for sale by HUD will be offered exclusively to hurricane evacuees for a period of five days @ a ten percent below fair market value. Check HUD's website: www.hud.gov/ for a listing of homes available. Listings change every Friday.

UPCOMING TRAINING OPPORTUNITIES

The June training opportunities is a great way to hear from the experts all the new and proposed changes with the FHA home buying programs:

June 8, 2006 (8:15-12:30)- NAPMW sponsored - Approved for 4 LPO credits and 4 R.E. credits - HUD Mini-Seminar - contact NAPMW Tri-Cities @ 509-528-0349. Training to be held at the Red Lion Hotel, Kennewick, WA.

June 22, 2006 (8:00-4:30) - The New FHA - Program Update, Appraisal Reform, REO & HECM Training. Held @ Mukogowa Fort Wright Institute-Commons Building - For additional information, contact Karen Carson @ 509-368-3213 (Please see attached Flyer on Email)

Want to keep up with changes at HUD? Want to know when grant funds are available, or new policies are implemented? Then the Region X Newsletter is for you! Once per month you'll get a brief, yet informative, email from our Regional Office highlighting important happenings at HUD, both here in the Northwest and throughout the country.

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All questions, comments and suggestions for future newsletters can be directed to Kim McCollim, 509-368-3203 or email at kim_mccollim@hud.gov . Please notify us if your email address changes or you wish to be deleted from the distribution list.
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